

- b. The Commission through its Staff shall determine which new, or reclassified telecommunications services are Basic, Non-Basic and Interconnection.
- c. Upon acceptance of a tariff as provided 6(a) above, the tariff filing shall not be subject to suspension pending the outcome of any challenge to the filing or acceptance. The burden of proof in such a challenge shall be on the intervenor or complainant; provided, however, that if applicable and subject to the execution of a confidentiality agreement, the TSP that filed the tariff submits cost of service data as stated in Commission Order No. U-20375.
- d. Tariffs filed by an ILEC that affect its toll products shall be subject to the imputation/pricing standard set forth in Order No. U-20710. ILEC tariffs which include monopoly features and/or functions provided to other TSPs, except Local Optional Service (LOS), must impute the cost of all such monopoly features and/or functions when provisioning such services to itself. In addition, the Commission reserves the right to develop imputation rules applicable to other ILEC services as deemed necessary in the future.

**6.A. Technical and Market Trials of Non-Basic Services.**

- a. Non-basic local services may be offered to customers by any TSP as a technical trial or market trial for the purpose of evaluating, in an operating environment, the performance and/or pricing of specific services.
- b. A technical or market trial shall not require a tariff filing to initiate the trial. A transmittal letter shall be provided to the Commission, through its Secretary, no later than thirty (30) days prior to the proposed start of the trial. The transmittal letter shall be filed in accordance with Commission General Order dated August 31, 1992 and shall include the following information:
  - 1. The proposed start date of the trial.
  - 2. A description of the new service to be offered.
  - 3. All rules and regulations governing the offering of the trial and the terms and conditions applicable to the services.
  - 4. The specific geographic area(s) in which the trial is to be offered.

5. A description of the customers that are eligible to participate in the trial.
  6. The rates and charges for services offered pursuant to the trial, including any range of rates within which the rates may be increased or decreased.
  7. The purpose of any technical or market trial must be specifically and clearly stated in the transmittal letter.
- c. A proposed technical or market trial shall commence on its proposed start date unless the Commission, through its Secretary, requests additional information, including the data specified in subsection f below, or determines that the provisioning of the trial services is not in the public interest, in which cases the Secretary shall specify the start date, or prohibit the trial.
  - d. Technical and market trial service offerings shall be limited to new non-basic (local) services or enhancements of existing non-basic services. Restructuring the pricing of existing services shall not be considered a new non-basic (local) service or an enhancement of an existing non-basic (local) service which can be offered as a trial service. Market or technical trials shall not be an avenue for the ILEC to bundle basic or interconnection services with non-basic (local) services.
  - e. The customers to whom the trial services are to be offered shall be notified in writing, prior to offering and/or provisioning service, of the trial and of the terms and conditions of the trial.
  - f. Any service offered to customers by an ILEC as a technical or market trial shall cover the total service long run incremental costs of providing such services and satisfy the imputation/pricing standard applicable to LEC toll offerings as set forth in Commission Order No. U-20710, in addition to any other applicable imputation standard. Upon request by the Commission Staff, cost data evidencing that the pricing of market trial services is in compliance with this subsection shall be submitted to the Commission Staff prior to implementation of any trial service. Trial services offered by an ILEC shall reflect the tariffed rates of underlying essential services.
  - g. The length of any technical or market trial of a service shall be of limited duration not to exceed six (6) months.

- h. Trial services shall not be offered on a statewide or LATA-wide basis for trial purposes.
- i. Any services offered pursuant to a technical or market trial shall comply with applicable pricing and price floor rules set forth in subsections 701(G) and 701(H) of the Price Plan for ILECs regulated thereunder.
- j. If a trial service is not implemented subsequent to trial, the cost of such trials should be allocated to shareholders and shall not be recovered through regulated services of an ILEC.
- k. If a trial service is ultimately offered to the public pursuant to a general tariff, the costs of the technical and market trials shall be a component of the rate at which the service is offered and shall be subject to the pricing rules of the Price Plan of an ILEC regulated thereunder.
  - l. No later than thirty (30) days after the conclusion of a technical trial or market trial, a TSP shall file a report with the Commission, through its Secretary, pursuant to Commission General Order dated August 31, 1992, summarizing the results of the trial and the TSP's future plans for the new services.

## **7. Prohibited Tariff Filings**

A tariff filing that is designed to alter or modify any Commission order, rule, regulation, policy or procedure in any way is prohibited.

E. ILECs with more than 100,000 access lines statewide shall file LRIC and TSLRIC cost studies with all tariff filings for new Basic Local Services or decreases in rates of Basic Local Services. A Small ILEC, when making such tariff filings, shall either adopt as proxy the cost studies filed by the large ILEC, or file its own such studies.

## **SECTION 501. Universal Service**

A. The Commission incorporates and restates herein the definition of Universal Service as adopted by the Commission in General Order dated May 22, 1995 and as amended herein:

"A. The Commission hereby defines universal service to consist of the following:

- 1. Residential and single-line business access to the local exchange

network, including usage and measured usage within the local service area.

2. Touchtone capability.
3. White page directory listing (residential and business).
4. Access to directory assistance (local).
5. Directory distribution (publication and distribution of at least one annual local directory).
6. Access to 911 service (where established by La. R.S. 45:791 et seq.).
7. Affordable line connection (for service initiation).
8. Access to long distance carriers and operator services.
9. Access to the telephone relay system.
10. Access to customer support services, including billing.
11. Access to a calling plan for a local service area sufficiently large to encompass a user's community of interest (but no greater than 40 miles).

B. The Commission hereby declares that the definition of universal service shall be subject to modification by the Commission as technology and customer needs change. Also, the Commission reserves the right to modify the definition of universal service as a result of any FCC and/or federal decrees, orders, or legislation.

C. The Commission also declares that nothing contained in this Policy Statement and Definition of Universal Service is intended to undermine or impair the Commission regulatory authority."

B. The Commission hereby finds that it is in the public interest to make available universal service to all end users at affordable rates.

C. All services and functions listed as part of the universal service definition shall be required of a CLEC.

D. Depending on the results of cost studies ordered pursuant to Commission General Order dated May 22, 1995 and Subdocket A of Docket U-20883, a Universal Service Fund may be established to collect and disburse monies to insure the availability of Universal Service to all consumers in Louisiana at affordable rates. If the Commission determines that such a fund is necessary, all TSPs providing service in Louisiana shall contribute to the fund. The basis from which contributions to the fund will be determined, and the method of disbursement therefrom shall be established in Subdocket A of Docket U-20883.

E. The Universal Service Fund shall be a method of achieving a public policy goal. Thus, disbursements from the fund shall not be limited to economically disadvantaged individuals.

#### **SECTION 601. Essential Telecommunications Carrier**

A. ILECs are hereby designated as the Essential Telecommunications Carriers (ETC). ETC's are obligated to provide basic local service to all customers upon request for such service within the ILECs' historically designated service areas until relieved of this obligation by the Commission. A CLEC providing basic local services in an ILEC's service area does not relieve the ILEC of its ETC obligations except as provided below.

B. An ILEC may petition the Commission to abandon its obligations as the ETC for a particular service area or areas if a CLEC is available to provide basic local service in such service area or areas. After a hearing, the Commission may approve the ILEC's request only if the CLEC is approved to assume all of the existing service obligations as ETC for the ILEC's service area or areas. In areas with only one LEC, the LEC is prohibited from ceasing to provide basic local service.

C. A CLEC may petition the Commission to be the ETC for a particular service area. The CLEC must be willing to fulfill all existing ETC service obligations and serve all customers requesting basic local service within the particular service area. After a hearing, the Commission shall determine whether the CLEC qualifies to serve as the ETC for the particular service area, whether the ILEC serving that same area desires to abandon its obligations as ETC and whether it will be in the public interest to switch the ETC for that particular service area.

D. Once a CLEC is designated as the ETC for a particular service area, it is prohibited from ceasing to provide basic local service unless otherwise relieved of that obligation by the Commission. Additionally, once the Commission determines that a CLEC should become the ETC, the Commission shall release the ILEC from its obligations as ETC for that service area.

## **SECTION 701. Consumer Price Protection Plan**

### **A. Scope and Conditions:**

1. Effective April 1, 1996, an ILEC with more than 100,000 access lines statewide shall be regulated pursuant to the terms and conditions of this Consumer Price Protection Plan (the "Price Plan" or "Plan"). The Price Plan is based on the ILEC's rates for service rather than its rate of return. Monitoring, reporting and tracking under the Price Plan shall be directed toward the ILEC's rates for services, revenues, expenses, costs and service quality. An ILEC shall be regulated under the Plan for a period of six (6) years unless earlier terminated by the Commission.

2. An ILEC with 100,000 access lines or less statewide ("Small ILEC") may petition the Commission to be regulated under the terms and conditions of a price cap plan in lieu of continuing to be regulated pursuant to Order No. U-21181, dated June 30, 1995. If a Small ILEC fails to petition the Commission before April 1, 1996, then the ILEC has the opportunity to elect into a price cap plan by December 1, 1996 for the year 1997 and thereafter, or on the same date in each subsequent year. Once a Small ILEC elects into a price cap plan, it will remain in the plan for a period of five years unless earlier terminated by the Commission. No Small ILEC opting into a price cap plan may receive compensation from the Louisiana Exchange Carrier Association Fund ("LECAF"). Additionally, a Small ILEC opting into a price cap plan subjects that ILEC's historically designated service area(s) to become open to competition by all TSPs and the exemption stated in Section 202 of these Regulations shall be foregone.

3. Under the Price Plan, the LPSC shall continue to regulate the rates, terms and conditions of all telecommunications services provisioned in the State by an ILEC regulated hereunder. In no event will the Price Plan become effective prior to the effective date of these Regulations.

4. CLECs shall not be subject to the terms and conditions of the Price Plan at this time. However, the Commission specifically reserves the right to apply the Price Plan, or any modifications thereof, to the CLECs in the future if deemed in the public interest by the Commission following notice and hearing.

5. While operating under the Price Plan, an ILEC shall be responsible for its depreciation rates and schedules, and shall submit its Louisiana specific depreciation expenses to the Commission as part of its semi-annual reporting called for in subsection J below. All ILECs regulated under the Price Plan are prohibited from seeking any type of rate increase based on recovering any depreciation expenses or reserves. Should the Commission elect to return to traditional rate-base rate of return regulation or rate-base rate of return incentive regulation pursuant to subsection B below, the incremental effect of an ILEC's depreciation expense (i.e., assuming responsibility without customer rates) shall not be recognized in the rate base.

6. The Price Plan shall apply to all regulated services offered by the ILEC prior to the adoption of the Price Plan and to all Basic Services, Interconnection Services and Non-Basic Services introduced by the ILEC after adoption of the Price Plan.

#### **B. Term of Price Plan**

1. There shall be no specific term for the Price Plan. It is intended that the elements of the Plan remain in effect through the initial six (6) years of the Plan unless the Commission finds it in the public interest, after notice and hearing, to modify or eliminate the Price Plan and substitute in its place traditional rate-base rate of return regulation or rate-base rate of return incentive regulation, or any form of regulation deemed appropriate and in the public interest by the Commission.

2. The Price Plan shall be subject to complete review after three years from its effective date as to each ILEC regulated thereunder, and again during the sixth (6th) year of the Plan. As a result of its monitoring efforts and periodic Price Plan reviews, the Commission may, if deemed in the public interest after notice and hearing, modify any aspect of the Price Plan, including ordering its termination and substitution.

#### **C. Classification of Services under Price Plan**

1. Each telecommunications service offered by an ILEC shall be classified into one of the following three categories: a) Basic Services, b) Interconnection Services, and c) Non-Basic Services.

2. The service categories are defined as follows:

a. Basic Services - are those services required to provide basic local service to residential and single line business customers, which include, among others, each of the items comprising the definition of Universal Service as specified in Commission General Order, dated May 22, 1995. Initially, Basic Services shall include the services itemized on Appendix "A" attached hereto and made part hereof.

b. Interconnection Services - are those services that allow other telecommunications services providers to interconnect to an ILEC's network to originate or terminate telecommunications services. Initially, Interconnection Services shall include the services itemized on Appendix "B" attached hereto and made part hereof.

c. Non-Basic Services - are all other services which are not classified as either Basic or Interconnection Services. Initially, Non-Basic Services shall include the services not itemized on either Appendix "A" or "B" attached hereto.

#### **D. Initial Rates under Price Plan**

1. An ILEC's initial rates under the Price Plan shall be the rates in effect immediately prior to implementing the Plan, as recalibrated to reflect the rate reductions implemented pursuant to the stipulated settlement referenced in subsection K below, for each individual Basic Service, each individual Interconnection Service, except cellular interconnection services subject to contractual arrangements, and each individual Non-Basic Service. The rate for each individual Basic Service may be reduced from these initial rates, subject to the price floors contained in subsection H below, but cannot exceed the initial rates under any circumstance for a period of five (5) years from the date the Plan becomes effective as to the ILEC. The rate for each individual Interconnection Service shall be similarly restricted for a period of three (3) years from the effective date of the Price Plan as to the ILEC.

#### **E. Tariffs**

1. An ILEC electing to be regulated pursuant to the Price Plan shall continue to be required to file tariffs with the Commission for all services in compliance with the terms and conditions of Section 401 of these Regulations, unless tariff requirements are exempted by the Commission by past or future rule or order.

#### **F. New Services and Reclassification of Services under Price Plan**

1. A new service is defined as a service, function, feature, capability or any combination of these which is not offered by the ILEC on the date the ILEC commences to be regulated pursuant to the Price Plan.

2. At least ten (10) working days prior to offering a new service, an ILEC shall file notice and a tariff with the Commission in accordance with Section 401 of these Regulations, which sets forth the rate, terms, conditions and proposed service category of the new service. Appropriate documentation and support related to the service classification and the proposed rate shall be provided.

3. Each July 1, the ILEC shall file a "Service Category Classification Report" with the Commission, which shall address the classification of new services and the reclassification of existing services. The Report shall identify all new services introduced during the 12-month period through May 31 of that year and provide the basis for the proposed market classification. The Report shall include any proposals for reclassifying any services, demonstrate the basis for the proposal and meet the requirements for reclassification as specified in the Plan.

4. The ILEC retains the burden of proof for all classifications and reclassifications of telecommunications services it proposes.



5. The Commission retains the right to approve, suspend or reject any proposal to introduce a new service, classify a new service or reclassify an existing service.

#### **G. Pricing Rules under Price Plan**

1. The initial rate of each individual service included in the Basic Services category as determined in subsection D above shall be capped for a period of five (5) years from the date the Price Plan becomes effective as to an ILEC. This means that the rate for any individual Basic Service may be reduced from its initial rate in accordance with the price floors but cannot exceed its initial rate under any circumstance for a period of five (5) years from the effective date of the Price Plan.

2. The initial rate for each individual service included in the Interconnection Services category as determined in subsection D above, with the exception of cellular interconnection services subject to contractual arrangements, shall be capped for a period of three (3) years from the date the Price Plan becomes effective as to an ILEC. This means that the rate for any individual Interconnection Service may be reduced from its initial rate in accordance with the price floors but cannot exceed its initial rate under any circumstance for a period of three (3) years from the effective date of the Price Plan.

3. After the first five (5) years that the Price Plan is in effect as to an ILEC, and during the sixth (Th) year only, an adjustment shall be made to the Basic Service category in the aggregate based on the Gross Domestic Product - Price Index (GDP-PI) minus a productivity offset of two and one-half percent (2.5%). For purposes of the pricing formula computation, if the GDP-PI is greater than five percent (5%), GDP-PI shall be assumed to be equal to five percent (5%). After the sixth (Th) year, the productivity offset shall be reevaluated by the Commission for application in the seventh and subsequent years.

4. The sixth (Th) and subsequent year price cap adjustments shall be effective April 1 of said years, and will be calculated using data for the "Test Year." The "Test Year" shall consist of data from the four most recent consecutive quarters available

5. During the initial five (5) years of the Price Plan, no rate of an individual service included within the Basic Services category shall be increased above its cap established in subsection D above. During the sixth (6th) and subsequent years, no rate of any individual Basic Service shall be increased by more than ten percent (10%) in any twelve month period.

6. During the initial three (3) years of the Price Plan, no rate of an individual service included within the Interconnection Services category shall be increased above its cap established in subsection D above. During the fourth (4th) and subsequent years, no rate of any individual Interconnection Service shall be increased by more than ten percent (10%) in any twelve month period

7. Cellular interconnection is currently subject to contractual pricing arrangements between the ILECs and the cellular carriers. These contractual arrangements will remain in effect until their expiration. After expiration, cellular interconnection shall become part of the Interconnection Services category and the terms, conditions and rates shall comply with the provisions of the Price Plan.

8. The rates for the Basic and Interconnection Service categories may be reduced below their initial price caps as the ILEC deems appropriate subject to the restrictions of subsection H below.

9. The above price controls and price caps do not apply to rates and charges for services included in the Non-Basic Services category. Services so classified shall be rate deregulated, subject only to the price floor restrictions set forth in subsection H below, and the restriction that the rate for an individual service classified as Non-Basic shall not increase by more than twenty percent (20%) in any twelve-month period. Non-Basic Services shall not benefit from cross subsidy or revenue support from Basic Services.

10. Tying arrangements are prohibited.

#### **H. Price Floors under Price Plan**

1. The rate for each service shall equal or exceed the ILEC's total service long run incremental cost (TSLRIC) of providing the service unless specifically exempted by the Commission based on public interest concerns (e.g., provision of universal service); or, unless the ILEC, in good faith, prices a service below its TSLRIC to meet the equally low price of a competitor, and subject to applicable imputation standards adopted by the Commission in Docket No. U-20710 and in these Regulations.

2. The price floors as specified above shall remain in place for the duration of the Price Plan.

3. The methodologies regarding the development and application of the TSLRIC studies will be considered as part of the monitoring process set forth in subsection J below.

#### **I. Contract Service Arrangements**

1. The tariffs currently in effect for Contract Service Arrangements will remain unchanged under the Price Plan; provided, however, an ILEC's contract service arrangements are subject to any applicable rules and procedures implemented in other sections of the Regulations, and all Contract Service Arrangements must specifically comply with the pricing rules and floors set forth in subsections G and H above.

## **J. Monitoring and Reporting Requirements under Price Plan**

### **1. Marketplace Data Submissions and Related Monitoring**

The Commission and its Staff shall monitor the development of competition in the telecommunications markets in Louisiana subsequent to the effective date of the Price Plan as to any ILEC. Upon request, an ILEC regulated under the Price Plan shall furnish the Commission, data related to the following:

- a. Changes in the marketplace
- b. The impact of competition on the ILEC.
- c. The competitive status of services to determine the degree of competition in their provisioning.
- d. The impact of federal initiatives.
- e. The technical compatibility between carriers.
- f. Service performance of new market entrants.

The information will be used by the Commission to assess the impact of marketplace changes, the continued viability of the Price Plan, market impact of competition on ILECs, market impact of federal initiatives, appropriateness of service categories, technical compatibility between telecommunications services providers, service quality performance of all telecommunications services providers, and other issues arising from the entry of new providers of telecommunications services in the local market. The Commission reserves the right to establish new areas of inquiry and investigation.

### **2. Financial Reporting**

An ILEC regulated pursuant to the Price Plan shall file semi-annually, Louisiana specific company basis reports excluding Commission adjustments and returns as specified in Appendix "C" hereto. An ILEC regulated under the Price Plan shall continue to report to the Commission on an interstate, intrastate, and non-regulated basis. A Small ILEC regulated under a price plan shall continue to file all reports and data required to be filed with the Commission pursuant to Order No. U-21181, dated June 30, 1995. In addition, an ILEC regulated under the Price Plan shall furnish the Commission the following data within thirty days of issuance:

- a. Annual Reports of the ILEC and parent corporation.
- b. Forms 10Q and 10K of the ILEC and parent corporation.

- c. Proxy statements containing financial data not in annual reports.
- d. Shareholder Newsletters.
- e. ARMIS Reports.

### 3. Service Quality

ILECs regulated pursuant to the Price Plan shall furnish the Commission the following service quality data on a semi-annual basis for monitoring by the Commission and its Staff

- a. Commission Complaints per 10,000 access lines for ILECs with more than 100,000 access lines; or Commission Complaints per 100 access lines for ILECs with less than 100,000 access lines.
- b. Percentage Installation Appointments Offered within Five (5) Days of Service Contact.
- c. Percentage Installation Appointments Met.
- d. Total Network Repair Reports per 100 Access Lines.
- e. Average Duration (Hours) Special Services - Complex.
- f. Percentage Out of Service Troubles Cleared within 24 Hours.
- g. Overall Residence Satisfaction.

The data described above shall be segregated by the ILEC so that the Commission can monitor and evaluate separately the ILEC's service quality performance for Basic Services. If the Commission finds as a result of monitoring that the ILEC's service quality is substandard in any one of the above listed categories, the Commission may, after notice and hearing, take action as it deems necessary and proper to assure a desirable level of service quality, including imposing a monetary penalty not exceeding ten thousand dollars (\$10,000) per violation.

### 4. Periodic Reviews of the Price Plan

The Commission shall review the Price Plan at the end of the third (3rd) year of the Plan with particular attention to the following issues:

- a. The status of universal service.
- b. The ILEC's compliance with Plan rules and reporting requirements.

- c. Just and reasonable rates (as determined without reference to a rate of return or other rate base proceeding)
- d. Modification to Plan parameters.
- e. Service quality.
- f. The consumer and marketplace impacts of price regulation.
- g. The status of competition in all markets and its impact on consumers and on the ILECs.
- h. The continuation of price caps on the Interconnection Services category subsequent to the third year of the Price Plan.

The Commission shall conduct a review of the following during the sixth year of the Price Plan.

- a. The status of universal service.
- b. Service quality performance.
- c. The consumer and marketplace impacts of price regulation.
- d. The degree of technological change in the marketplace.
- e. The impact of federal initiatives on Louisiana telecommunications markets.
- f. The status of competition in all markets and its impact on consumers and on the ILECs.
- g. The ILEC's compliance with Plan pricing rules and reporting requirements.
- h. Just and reasonable rates (as determined without reference to a rate of return or other rate-based proceeding).
- i. Modifications to, or termination of the Plan.
- j. The continued viability of the Price Plan.

Adjustments or modifications based on the findings resulting from the Periodic Reviews will be implemented on a prospective basis. Any further reviews of the Plan, including periodic update of Plan parameters, will be considered.

#### **K. BellSouth Annual Rate Reductions**

1. Pursuant to the terms and conditions of the stipulation entered in Subdocket E of Docket No. U-17949 (the "Stipulation"), BellSouth shall provide to its ratepayers seventy million dollars (\$70,000,000) in rate reductions over the initial three (3) years that BellSouth is regulated under the Price Plan, and shall additionally provide a one time nine million dollar (\$9,000,000) credit to its ratepayers during the first year BellSouth is regulated under the Price Plan. These reductions shall be made according to the Stipulation and applied as determined by the Commission.

#### **L. Miscellaneous Provisions**

1. During the Price Plan, an ILEC regulated thereunder shall notify its customers of any change in the rate for services offered using the same procedures in effect at the implementation of the Price Plan.

2. Rather than limit or restrict an ILEC's commitment to universal service and to the ILEC's fulfillment of Essential Telecommunications Carrier obligations, the Price Plan is intended to strengthen and reaffirm such commitments.

### **SECTION 801. Number Portability**

A. TSPs providing local telecommunications services shall provide number portability that ensures that an end-user customer of local telecommunications services, while at the same location, shall be able to retain an existing telephone number without impairing the quality, reliability, or convenience of service when changing from one provider of local telecommunications services to another. The type of number portability contemplated by this rule is service provider portability and not location portability.

B. The end-user customers of a CLEC shall not be required to dial the telephone number of an ILEC's end-user customer in any way other than that required of the ILEC's end-users.

C. The end-user customers of an ILEC shall not be required to dial the telephone number of a CLEC's end-user customer in any way other than that required to dial other end-users of the ILEC.

D. As of the effective date of these Regulations, and as an interim measure, remote call forwarding and direct inward dialing, as specified below, shall be made available to a CLEC according to the following guidelines: 1) within sixty (60) days of receipt of a request, an ILEC shall make the requested interim number portability solution available at a reasonable cost-based charge agreed to between the parties, or 2) if within sixty (60) days of receipt of a request,

an agreement is not reached between the parties, the matter will be resolved by the Commission upon petition of either party. As part of the Commission's review of the matter, the ILEC shall provide TSLRIC and LRIC studies to the Commission which show the cost of providing the requested interim number portability solution. There is no mandate that the interim number portability solutions be provided by the ILEC to CLECs at its TSLRIC or LRIC of providing such services.

E. Once the costs studies specified in Section 901.C below are filed with the Commission, the Commission shall establish a reasonable cost-based rate at which an ILEC shall make the interim number portability solutions available to other TSPs. There is no mandate that the interim number portability solutions be provided by the ILEC to CLECs at their TSLRIC or LRIC of providing such services.

F. The CLEC is required to arrange for transport facilities to the central office where portability is sought. A CLEC shall reciprocate by offering number portability to an ILEC under the same arrangements.

G. In order to implement remote call forwarding, an ILEC's tariffed remote call forwarding service shall forward any call to a ported number to trunk groups associated with the CLEC. The central office switch where the number resides should be programmed to reroute calls from the called number to a new number located in a different switch. Both the end-user customer of, and the caller to a remote call forwarding number should be unaware of the second number. Should technology change in the future this method may be modified by the Commission.

H. In order to implement the direct inward dialing option, all incoming calls to the ported number shall be routed to the ILEC end office. From there it should then be routed via the direct trunk group to the CLEC switch. Because direct inward dialing is normally provisioned in groups of 20 numbers, ILEC policies shall be changed to allow a single number to be identified as a direct inward dialing number. Should technology change in the future this method may be modified by the Commission.

I. At the earliest possible date all TSPs shall cooperate and use their best efforts to design, develop and deploy number portability databases, associated connections and/or other arrangements to achieve a permanent number portability solution.

J. The costs associated with development and deployment of a permanent number portability solution, such as a database, or other arrangement, shall be recovered from all TSPs using or benefitting from such a solution.

## SECTION 901. Interconnection

A. Interconnection of the local telephone networks at reasonable rates is essential to local telephone competition. Competing networks shall be interconnected so that customers can seamlessly receive calls that originate on another carrier's network and place calls that terminate on another carrier's network without dialing extra digits, paying extra, or doing any other such action out of the ordinary that is not required when dialing on his/her own carrier's ILEC or CLEC network. TSPs should be interconnected with the ILECs in a manner that gives the TSPs seamless integration into and use of local telephone company signaling and interoffice networks in a manner equivalent to that of the ILECs. Interconnection shall include access to switches, databases, signaling systems and other facilities or information associated with originating and terminating communications.

B. Based on current traffic and market conditions in the CMRS industry, mandatory CMRS-to-CMRS interconnection is not required by the interconnection obligations of this Section (901). However, providers of CMRS and PMRS are encouraged to develop interconnection arrangements among themselves and with other TSPs which foster the Commission policy of promoting the interconnection of competing networks so that customers can seamlessly receive and place calls originating and terminating on other carriers' networks.

C. Physical Interconnection for purposes of utilizing unbundled basic network components of ILEC networks:

1. Physical interconnect charges between and among TSPs shall be tariffed and based on cost information. The cost information derived from both TSLRIC and LRIC studies shall be provided to the Commission. This information will be used by the Commission to determine a reasonable tariffed rate. There is no mandate that interconnection services be provided by the ILEC to TSPs at its TSLRIC or LRIC of providing such services.

2. ILECs must conduct within ninety (90) days from the effective date of these Regulations the TSLRIC and LRIC studies on all basic network service components and file such studies with the Commission. Basic network components shall include, without limitation, network access, switching and switch functions, transport (dedicated and switched) and ancillary services.<sup>5</sup>

3. Physical interconnection tariffs shall be filed in accordance with Section 401.

D. Consistent with Section 252(a)(1) of the Telecommunications Act of 1996, upon receiving a request for interconnection, services, network elements, or reciprocal compensation

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<sup>5</sup>Re A Methodology to Determine Long Run Incremental Cost, 156 PUR 4th 1, Michigan Public Service Commission, Case No. U-10620, September 8, 1994.



pursuant to Section 251 of the Telecommunications Act, an ILEC may negotiate and enter into a binding agreement with the requesting TSP without regard to the costing standards set forth in subsection C of this Section. However, negotiated compensation arrangements for the exchange of local traffic shall provide for equal treatment and rates between competing TSPs. Rates of negotiated compensation arrangements shall be mutual, reciprocal, nondiscriminatory and cost-based, and shall be effective between the negotiating parties. Nothing in this section shall be interpreted as advocating or precluding the adoption of an in-kind rate or the adoption of an explicit rate as the negotiated compensation mechanism for the exchange of local traffic.

E. The Commission shall be notified in writing by the negotiating parties of the date the request for interconnection was submitted by the requesting TSP. The interconnection agreement shall include a detailed schedule of itemized charges for interconnection and each service or network component (element) included in the agreement. All agreements shall be submitted to the Commission for approval. Any party negotiating an agreement hereunder may, at any point in the negotiations, request the Commission to participate in the negotiation and to mediate any differences arising in the course of negotiation.

F. In accordance with Section 252(b) of the Telecommunications Act of 1996, either party to the negotiation may petition the Commission to arbitrate any open issue to the negotiation. When an ILEC and TSP are unable, through negotiations, to agree to rates for the interconnection of facilities and equipment, network elements and/or reciprocal compensation, any party to such negotiations may request the Commission to impose rates and conditions binding upon the parties to the agreement which comply with the results of the studies performed pursuant to subsection C.2 of this Section, and which are consistent with the mandates of Section 252(d) of the Telecommunications Act of 1996.

G. ILECs and CLECs shall file reports with the Commission Secretary on April 1st of each year which show by month the volume of local terminating traffic delivered to ILECs or CLECs during the previous year.

H. Interconnections arrangements established pursuant to Commission Docket No. U-18976 shall remain in effect until January 1, 1999, unless otherwise modified by the Commission.

I. TSPs shall be required to enter into reciprocal, mutual billing and collection agreements which ensure that each TSP can accept other TSPs' telephone line numbers based on nonproprietary calling cards; and, ensures that each TSP can bill and collect on collect calls and on calls billed to a third number served by another TSP.

J. The ILECs shall not limit the ability of a TSP to provide and carry operator services traffic.

K. CLECs shall have access to 911 connectivity where provided by an ILEC under the same terms and conditions enjoyed by the ILEC.

L. TSPs shall be afforded nondiscriminatory access to each other's data bases as follows:

1. Directory Assistance and Line Information databases - TSPs shall be permitted to input their customers' telephone numbers and any pertinent account data into the ILEC directory assistance and line information databases. TSPs shall also be permitted to access any customer's number from the TSP directory assistance and line information databases in order to provide directory assistance service to its customers or to obtain billing name and address.

2. Public Interest Services - TSPs shall have equal access to provide their customer numbers and address information to 911 providers, whether these providers are the ILEC or independent service bureaus.

3. TSP Service Databases - TSPs shall be provided access to TSP service databases (e.g., 800, line information, AIN) through signaling interconnection, with functionality, quality, terms, and conditions equal to that provided by the TSP to itself and its affiliates. TSPs will be charged tariffed rates for database queries equal to that charged to interexchange carriers for the same functions. The TSPs will impute the tariffed rates of database access to its services.

4. No TSP shall access the customer proprietary network information ("CPNI") of another interconnecting TSP for the purpose of marketing its services to the interconnecting company's customers. Likewise, no TSP shall access the CPNI of a company reselling its services, without permission of the reseller, for the purpose of marketing services to the reseller's customers.

M. TSPs shall develop mutually agreeable and reciprocal arrangements for the protection of their respective customer proprietary network information.

N. Nothing in this Section (901) shall be construed as authorizing the concentration of access lines in contravention of the prohibitions contained in Commission Orders U-16462 and U-17957-C.

O. All TSPs holding a certificate from the Commission are prohibited from providing interconnection services to non-certificated TSPs, unless the non-certificated TSP is exempt from the Commission's certification requirements pursuant to state or federal law or explicit Commission order."

## **SECTION 1001. Unbundling**

A. All TSPs shall be able to purchase desired features, functions, capabilities and services promptly and on an unbundled and non-discriminatory basis from all other TSPs provisioning services within the State.

B. Unless exempted pursuant to Section 202 above, an ILEC shall provide unbundled loops, ports, signaling links, signal transfer points, and signaling control points to a requesting TSP upon the effective date of these Regulations.

C. Unless exempted pursuant to Section 202 above, after the effective date of these Regulations, an ILEC shall provide additional unbundling within ninety (90) days of receipt of a bona fide request from a TSP. Additional unbundled basic network components shall include, but not be limited to:

1. Logical components within the loop plant, including loop distribution, loop concentration, and loop feeder.
2. End office and tandem switching.
3. Operator systems.
4. Common and dedicated transport links.

D. TSPs shall be able to interconnect with all unbundled basic network components at any technically feasible point within an ILEC's network. Access, use and interconnection of all basic network components shall be on rates, terms and conditions identical to those an ILEC provides to itself and its affiliates for the provision of exchange, exchange access, intraLATA toll and other ILEC services.

E. As specified in Section 901 above, rates for utilizing unbundled basic network components of ILEC networks and interconnection thereto shall be tariffed and based on cost information. There is no mandate that unbundled elements be provided by the ILEC to TSPs at its TSLRIC or LRIC of providing such elements.

F. ILECs shall put into place a service ordering, repair, maintenance, and implementation scheduling system for use by TSPs, which is equivalent to that used by the ILECs and their affiliates for their own retail exchange services. Data pertaining to service and facility availability shall be made available to TSPs in the same manner used by the ILECs and their affiliates.

G. ILECs shall include on a non-discriminatory basis the telephone numbers of CLEC customers in the ILECs' (including ILEC affiliates') "White Pages" residential and business

listings, "Yellow Pages" listings, "Blue Pages" government listings, and directory assistance databases associated with the areas covered by such publications in which the CLECs provide local telecommunications services either through resale or its own facilities. CLEC customers requesting to be omitted from such directories shall be omitted.

H. CLECs shall provide to the ILEC (including ILEC affiliate) publishing "White Pages", "Yellow Pages", and "Blue Pages" directories the names, addresses and telephone numbers of all CLEC customers that do not wish to be omitted from such directories. The entries of CLEC customers in ILEC directories shall be interspersed alphabetically among the entries of the ILEC customers and shall be no different in style, size or format than the entries of the ILEC customers.

I. ILECs shall, upon request of a CLEC, provide White, Yellow and Blue Pages directories to CLECs' customers.

J. ILECs and CLECs providing local telecommunications services shall provide subscriber list information gathered in their capacities as local telecommunications services providers on a timely and unbundled basis, under nondiscriminatory and reasonable rates, terms, and conditions, to any person or entity (including TSPs and TDPs) for the purpose of publishing directories in any format.

K. ILECs and CLECs providing local telecommunications services shall provide the names and addresses of non-published or non-listed subscribers gathered in their capacities as local telecommunications services providers on a timely and unbundled basis, under nondiscriminatory and reasonable rates, terms, and conditions, to any person or entity (including TSPs and TDPs) for the purpose of directory delivery.

L. TSPs shall allow nondiscriminatory access to their poles by other TSPs for pole attachments pursuant to Commission General Order dated December 17, 1984.

M. TSPs shall allow nondiscriminatory access to their conduits and rights-of-way by other TSPs for the provisioning of local telecommunications services.

## **SECTION 1101. Resale**

A. To encourage and promote competition in the local telecommunications markets, all facilities based TSPs shall make unbundled retail features, functions, capabilities and services, and bundled retail services available for resale to other TSPs on a nondiscriminatory basis.

B. No facilities based TSP may impose any restrictions on the resale of its unbundled retail features, functions, capabilities and services, and bundled retail services provided that resale is of the same class of service and category of customer.

C. TSPs shall revise their existing tariffs to remove any prohibitions on the resale of unbundled retail features, functions, capabilities and services, and bundled retail services within thirty (30) days of the effective date of these Regulations. TSPs filing initial tariffs shall not include in such tariffs any prohibitions on resale of unbundled retail features, functions, capabilities and services, and bundled retail services.

D. During the transition to a competitive local telecommunications market, ILEC unbundled retail features, functions, capabilities and services, and bundled retail services, including vertical features, shall be tariffed and provided to other TSPs at reasonable wholesale rates. Avoided costs studies will be used by the Commission to determine costs avoided by an ILEC when an ILEC's unbundled retail features, functions, capabilities and services, and bundled retail services, including vertical features, are resold by another TSP, and to establish a wholesale discount percentage. An ILEC's tariffed wholesale resale rates will be determined by discounting the ILEC's retail rates by the wholesale discount percentage. There is no mandate that resold services be provided by an ILEC to TSPs at the ILEC's TSLRIC or LRIC of providing such services.

E. As of the effective date of these Regulations, and as an interim measure until the tariffed wholesale resale rates are developed pursuant to subsection D above, the wholesale resale rates of an ILEC shall be the ILEC's current tariffed retail rates reduced by 10% to encourage and promote competition in the local telecommunications markets, and to reflect the ILEC's avoidance of retail costs, including but not limited to, sales, marketing and customer services associated with the resold items. ILEC services currently tariffed and provisioned below cost shall be available for wholesale resale in the manner described above. If deemed necessary by the Commission to ensure universal service, a subsidy mechanism may be established in Subdocket A of Docket U-20883, which would be available to an ILEC reselling services shown to be provisioned below cost for public interest purposes.

F. An ILEC shall make available non-discriminatory online access to the ILEC's operating systems at a reasonable cost-based charge per database dip to TSPs that desire to resell ILEC features, functions, capabilities and services. This access shall be made available according to the following guidelines: 1) within sixty (60) days of receipt of a bona fide request, the ILEC shall make the requested access available at a reasonable cost-based charge agreed to between the parties, or 2) if within sixty (60) days of receipt of a bona fide request, an agreement is not reached between the parties, or the ILEC responds that the request is not technically and/or economically feasible to provide, the matter will be resolved by the Commission upon petition of either party. As part of the Commission's review of the matter, the ILEC shall provide TSLRIC and LRIC studies to the Commission which show the cost of providing the requested access, including a detailed explanation of why the requested access is not technically or economically feasible to provide the requesting TSP.

G Access shall be available to the following:

1. Direct, on-line access to the ILECs' mechanized order entry system. Access shall be considered adequate when the provided access permits the reseller to access an ILEC's mechanized order entry system to place initial orders, access information concerning service and feature availability, modify orders previously entered, schedule the installation of services and any necessary equipment, and to check on the status of all transactions that the reseller has initiated in a manner at least as efficient as the access provided the ILEC's own employees.

2. On-line access to numbering administration systems and to numbering resources.

3. Direct on-line access to the ILECs' trouble reporting and monitoring systems. Access is considered adequate if reseller can directly access remote line testing facilities, report service problems, schedule premise visits where required, and check the status of repairs. Arrangement must also provide for interception and automatic forwarding of repair calls placed by reseller customers to the reseller.

4. Customer usage data. Resellers must be provided timely on-line and printed reports pertaining to the Reseller's customers usage of ILEC local calling and switched access services.

5. To local listing databases and updates. Resellers should be able to add, modify and delete directory listings for the Reseller's customers via on-line access to the ILEC's directory database, and new reseller customers' listings should be available from Directory Assistance on precisely the same basis and in the same time frame as applies for new ILEC retail subscribers.

This access shall equal that provided to the ILECs' own personnel. The Commission and its Staff will monitor the progress, or lack thereof, made in this area, and, if deemed necessary after notice and hearing, will impose an additional transitional resale discount on an ILEC's features, functions, capabilities and services until an ILEC's operating systems are accessible by TSPs on the terms specified herein.

H. No TSP shall access the customer proprietary network information ("CPNI") of another interconnecting TSP for the purpose of marketing its services to the interconnecting company's customers. Likewise, no TSP shall access the CPNI of a company reselling its services, without permission of the reseller, for the purpose of marketing services to the reseller's customers.

I. All ILECs shall offer an optional, unbundled version of their retail services that allows

the reseller to use its own operator services and directory assistance services.

J. All ILECs shall offer these resold services to the resellers as "unbranded" services.

#### **SECTION 1201. Consumer Protection.**

A. All TSPs shall comply with all applicable statutes and Commission rules, regulations, orders and policies regarding customer billing, deposits, provisioning of service and the handling of complaints.

B. The following additional consumer protection rules shall apply to all TSPs providing local telecommunications services:

1. Any solicitation by or on behalf of a TSP to a customer to terminate his/her service with another provider and switch his/her service to a new TSP shall include current rate information of the new provider and all other information regarding the service(s) to be provided including, but not limited to the terms and conditions under which the new provider will provide the service(s). Upon request of a customer, a TSP shall provide the customer information pertaining to the technical specifications of the service(s) it is offering to the customer. All information provided shall be legible and printed in a minimum point size of type of at least 10 points. Failure to provide this information to the customer shall result in a fine of \$500 for each violation in addition to any other fine and/or penalties assessed.
2. In order to switch a customer from one TSP to another TSP, the new provider must obtain a signed and dated statement from the customer prior to the switch indicating that he/she is the subscriber of the telephone service for a particular telephone account and number, that he/she has the authority to authorize the switch of service to the new provider and that he/she does authorize the switch. This signed statement must be a separate or severable document whose sole purpose is to authorize the switch of the customer's TSP. The signed statement cannot be contained on the same document as promotional material, a registration to enter a contest or a form to contribute money to a charity.

Among other fines and/or penalties, the TSP making an unauthorized switch shall be subject to a fine not exceeding ten thousand dollars (\$10,000) per unauthorized switch, required to

pay the costs of switching that customer back to the customer's previous provider and required to refund to the customer amounts paid to the provider during the unauthorized service period and extinguish any other amounts due by the consumer and not billed and/or paid. Additionally, the TSP shall be liable to the customer's previously selected provider in the amount equal to all charges paid by the customer to the unauthorized TSP after the unauthorized switch. All TSPs are responsible for the actions of their agents that solicit switches in an unauthorized manner and/or result in unauthorized switches.

3. A printed bill must be supplied to each customer at least once a month.
4. All billing for local telecommunications services must be presented for payment to the consumer within sixty (60) days of the date the consumer incurs the charge.
5. The customer's bill shall show the name of the TSP rendering service on behalf of the customer as opposed to the underlying carrier.
6. An address and a toll-free telephone number for billing inquiries shall appear on each bill sent to the customer.
7. Interim dispute resolution procedures including interrupt and disconnect of services procedures, detailing how a customer can dispute a charge, lodge a complaint, and/or appeal to the Commission must be filed with the Commission and supplied to the customer upon request. The Commission will remain accessible to hear customer complaints as well as to resolve disputes among carriers regarding a customer complaint or problem. Final dispute resolution procedures are currently being considered by the Commission. When developed and approved, TSPs must comply with these procedures.
8. Customers must be given 30 days notice of any increase in price which is in excess of 5% of the current price.
9. No termination fees will be permitted for residential and single line business basic local services.
10. Unless fraud is suspected, no TSP can unilaterally and arbitrarily limit the amount of charges a customer can incur on



his/her account regardless of whether the charges are for local, long distance or other toll charges unless the customer has a billed, outstanding balance due. If charges have been limited due to suspected fraud, the customer shall be informed in writing within two business days of the limits placed on the account and the reason for the limitations. Credit limits may be established when service is initiated, before charges are incurred or at any time upon an agreement between the TSP and customer.

11. No TSP may release nonpublic customer information regarding a customer's account or calling record unless required to do so by subpoena or court order.

12. Unless fraud is suspected, no TSP may unilaterally place a block on its customer's telephone service when a particular amount of charges have been incurred and the customer has not been presented the opportunity and a reasonable amount of time to pay or make other payment arrangements to pay the charges. If a block has been placed on a customer's telephone service due to suspected fraud, the customer shall be informed in writing within two business days of the block placed on his/her telephone and the reason for the block. For inmate pay phone systems, a customer's telephone may be blocked from the receipt of calls from an inmate facility only if the TSP has a blocking policy submitted in a tariff format approved by the Commission.

C. TSPs must file the service standard reports delineated in Section 302 in order to insure that consumers receive timely, adequate and quality service.

D. The arrival of competition will not necessarily obviate the need of those whose incomes entitle them to assistance from the Lifeline Fund or similar fund. When appropriations become available for the Lifeline Fund, all TSPs shall be required to participate therein.

E. Violation of any statute or Commission rule, regulation, order or policy applicable to regulated TSPs may result in the imposition of monetary fines, penalties and/ or the revocation of the a providers certificate.

## **SECTION 1301. Miscellaneous Provisions**

A. Application. It is the intent of the Commission that these Regulations shall apply to all TSPs over which the Commission has regulatory authority. To the extent the Commission's regulatory authority over any particular TSP or over certain conduct or services